



2018 LUMP SUM DEFERRAL FAQs

Q. When does a separating employee need to submit the Savings Plus Lump Sum Separation Pay Deferral Election Form (Election Form) to their Human Resources (HR) Office?

A. *Per California Labor Code (CLC), 201 (b) and (c); and CLC 202 (b) and (c), separating employees must sign, date, and submit the Savings Plus Lump Sum Separation Pay Deferral Election Form (Election Form) to their department five working days prior to the separation effective date. The State Controller's Office (SCO) and the California Department of Human Resources (CalHR) recommend the agencies/campuses encourage employees to submit the necessary documentation 30 days before the separation effective date to allow time for verification of calculations and for the department/campus to prepare the appropriate documentation.*

Q. Does the “five working day” rule apply to S71 and S95 transactions?

A. *Yes. The employee must notify the department at least five working days prior to the separation effective date, regardless of the type of separation. The Election Form must be signed, dated, and submitted prior to the employee disability retiring or the employee passing. The beneficiary of the employee cannot transfer the deceased employee's lump sum into the Savings Plus Account.*

Q. I have an employee that would like to defer their lump sum into two tax years, what does the separation date need to be?

A. *The separation date on the PAR/PPT must be between November 1st and December 31st. The employee's CalPERS retirement date must be November 2nd or later.*

Q. My employee wants to defer their lump sum into two tax years, when can I send over the PAR/PPT for the 2nd tax year?

A. *The PAR/PPT for the 2nd tax year can be sent to SCO after the last green cycle in the December pay period.*

Q. I sent over a separation PAR to SCO and now I have a correction to make on it. Do I send over a corrected PAR to have the corrections made?

A. *If the PAR has not been processed by SCO some PAR items can be changed over the phone. PAR Items 215, 210, 603, 606, 607, 620, 625, 630, 635, 636, 710, 888, 962 and line Item 10 can all be corrected by calling the Statewide Customer Contact Center ([SCCC](https://www.sccc.ca.gov)), at (916) 372-7200, select # 2 for the Statewide Civil Service (CS) Program, then #2 for Personnel.*

Q. I submitted a PAR but only Item 606 was keyed. When will the lump sum time be processed?

A. *Item 606 was keyed to prevent an overpayment of regular pay issuing for Master Cut-off. The lump sum time will be processed according to the received date.*

Q. The employee's date of separation has passed and the PAR I submitted has not been processed. Can the PAR be expedited?

A. SCO will process the PAR in the order it was received. CLC 202 (b) states contributions shall be tendered for payment to the employee's 401(k), 403(b), or 457 plan account no later than 45 days after the employee's discharge from employment. If deferring into two tax years CLC 202(c) states, payment shall be tendered no later than February 1 in the year following the employee's last day of employment.

Q. When do I need to complete time in Item 625 on the PAR?

A. Item 625 should only be used after exhausting all the Lump Sum Vacation time (Item 620) and the employee requires using time such as Compensating Time Off (CTO), Holiday Pay, etc. to cover the requested deferral amount. Completing the PAR this way will allow the system to extend the lump sum time out in the order it was programmed, and will also assist the SCO Payroll staff in projecting out the correct time for the 2nd tax year PAR.

Q. Who do I contact for assistance with PAR/PPT documentation?

A. Contact the [SCCC](#) and select #2 for the Statewide CS Program, then #2 for Personnel for questions regarding PAR documentation, or select #3 for the Statewide CSU Program, then #1 for Personnel for assistance with PPT documentation.

Q. I have a question on the warrant(s)/deferral amount(s) that issued for my employee. Who do I contact?

A. Contact the [SCCC](#) and select #2 for the Statewide CS Program, then #4 for Payroll, or select #3 for the Statewide CSU Program, then #3 for Payroll.

Q. Pay has issued on "Pay Hist" for the PAR I submitted to SCO, but the separation transaction is not keyed on PIMS. Do I need to return the pay that issued?

A. No. Please do not return the warrant(s) that issued. SCO Payroll staff have processed the pay/deferral prior to the separation PAR being keyed. The transaction you requested should be on PIMS in a few days.

Q. Do I have to cancel direct deposit for a separating employee?

A. Agencies/Campuses should cancel direct deposit for all separating employees or the Payroll and Personnel Services Division (PPOB) will administratively cancel direct deposit. This enables the agency/campus to submit documents to PPOB early, allowing time to process the requested action through the employment history and payroll systems, and leaving the agency/campus time to review and verify the payments issued correctly and the deductions were withheld. The agency/campus may then hold the warrant(s) until the employee's final day to release the payment(s) to the employee. Following these guidelines will allow for a much quicker turnaround for corrections, if necessary.

Q. If an employee's tax exemption expires on January 31st, how do I permanently exempt the employee's taxes for the lump sum that runs beyond January 31st?

A. *To permanently exempt an employee from taxes, use the same procedure as the "deceased" employee EAR transaction in the PAM Section 10.16.1. SCO recommends agencies/campuses key the permanent exemption EAR transaction prior to submitting the PAR/PPT and supporting documentation.*

Caution: *SCO will not re-issue lump sum payments due to untimely or incorrect EAR transactions.*

Q. How can I determine the maximum deferral amount available for my employee?

A. *The SCO website has [Lump Sum Calculators](#) to assist with calculating pre-tax deferral amounts for a partial or full month. The [Paycheck Calculator](#) can also be used to assist with determining post-tax deferral amounts.*

Q. Where can I find information on contribution options/limits for Savings Plus accounts?

A. *This information can be located on the [Savings Plus](#) website.*

Q. Can an employee participate in more than one Savings Plus account (e.g., Traditional 401K and 401K Roth)?

A. *Yes. However, the combined total of both 401Ks cannot exceed the current annual limit of \$18,500 (2018). The annual limit is raised to \$24,500 (2018) for employee's age 50+.*

Q. My employee has approval from Savings Plus to make Catch-Up contributions into their 457 account(s). What do they need to do?

A. *The employee must submit the Catch-Up Approval Letter to their personnel office and complete the Election Form with the amount(s) they are electing to defer into their 457 account(s). The agency/campus must then submit the Catch-Up Approval Letter to SCO with the PAR and the Election Form for processing.*

Please note: *The amount(s) the employee elects to defer as Catch-Up contributions must be included on the Election Form. SCO will not determine what the employee is electing to defer based on the Catch-Up Approval Letter.*